



Pure Gold Mining Inc.

(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the six months ended September 30, 2017

Pure Gold Mining Inc.
Management's Discussion and Analysis
For the three and six months ended September 30, 2017

This Management's Discussion and Analysis (the "**MD&A**"), dated as of November 14, 2017, is for the six months ended September 30, 2017 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended September 30, 2017 of Pure Gold Mining Inc. (also referred to as "**Pure Gold**", or the "**Company**", or "**we**", or "**our**", or "**its**" or "**us**" within this MD&A), the related notes thereto (together, the "**Interim Financial Statements**") and our other corporate filings including our Annual Information Form for the year ended March 31, 2017 dated June 16, 2017 (the "**AIF**"), available under Pure Gold's company profile on SEDAR at www.sedar.com.

This MD&A contains forward looking statements that involve numerous risks and uncertainties. The Company continually seeks to minimize its exposure to business risks, but by nature of its business and exploration activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties, including those described under the heading "Risk factors" in our AIF and those set forth in this MD&A under the headings "Cautionary Notes Regarding Forward-Looking Statements" and "Industry and Economic Factors that May Affect our Business" materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

The written disclosure of technical information in this MD&A has been approved by Philip Smerchanski, P. Geo, Vice President, Exploration of the Company and a Qualified Person ("**QP**") for the purposes of National Instrument 43-101, Standards of Disclosure for Mineral Projects ("**NI 43-101**"). Readers are directed to the section entitled "Scientific and Technical Disclosure" included within this MD&A.

The Company is listed on the TSX Venture Exchange ("**TSX-V**") in Canada under the symbol PGM. All dollar amounts stated in this MD&A are expressed in Canadian dollars unless noted otherwise.

Second Quarter Highlights and Significant Subsequent Events

The second quarter of fiscal 2018 and to date saw the Company complete a number of key milestones. Highlights for the quarter and subsequent period to date are as follows:

- On November 1, 2017, Pure Gold closed a bought deal private placement for aggregate gross proceeds of C\$19.2 million upon the issuance of an aggregate of 31,613,292 common shares of the Company. The offering consisted of three tranches. The first tranche consisted of 8,690,000 common shares of the Company that qualify as "flow-through shares" for the purposes of the Income Tax Act (Canada) ("**Super FT Shares**") and were issued at a price of C\$0.725 per Super FT Share. The second tranche consisted of 8,061,125 common shares of the Company that qualify as "flow-through shares" for the purposes of the Income Tax Act (Canada) ("**FT Shares**") and were issued at a price of C\$0.64 per FT Share. The third tranche consisted of 14,862,167 common shares of the Company ("**Common Shares**") and were issued at a price of C\$0.52 per Common Share.

In consideration for their services, the Underwriters received a cash commission equal to 6.0% of the gross proceeds of the offering.

- On September 14, 2017, the Company announced a Preliminary Economic Assessment ("**PEA**") for the Madsen Gold Project ("**Madsen**"). The PEA, based on an updated resource estimate (see news release dated August 2, 2017), shows a robust 14-year underground mining operation with highly attractive economics at base case metal prices. Highlights for the PEA include^{1:2}

¹ Base case parameters assume a gold price of US\$1,275/oz and an exchange rate (C\$ to US\$) of 0.80. Cash cost includes mining cost, mine-level G&A, mill and refining cost.

² The PEA was prepared by Nordmin Engineering Ltd., Mining Services Division of Sudbury, Ontario ("**Nordmin**"). Nordmin reported on the scoping-level capital costs, operating costs, and project economics associated with the potential development of the Madsen

- Pre-tax NPV5% and IRR of \$365 million and 54% respectively with a 2.7 year payback of initial capital;
 - After-tax NPV5% and IRR of \$258 million and 47% respectively with a 2.8 year payback of initial capital;
 - Mine life is of 14 years with a 12 month pre-production period;
 - Life of mine (“**LOM**”) diluted head grade of 10.3 g/t gold;
 - Average annual gold production in years three through nine of approximately 75,500 ounces, with peak annual production of approximately 85,000 ounces of gold;
 - LOM direct operating cash cost¹ is estimated at US\$595 per ounce of gold recovered
 - LOM operating cash cost¹ plus sustaining cost is estimated at US\$714 per ounce of gold recovered;
 - Pre-production capital cost estimated at \$50.9 million which includes a 15% contingency;
 - LOM sustaining capital costs estimated at \$134.7 million which includes a 5% contingency.
- On August 2, 2017, Pure Gold announced a new mineral resource estimate for Madsen consisting of indicated mineral resources totaling 1,648,000 ounces (5,785,000 tonnes at an average grade of 8.9 g/t gold) and, inferred mineral resources totaling 178,000 ounces (587,000 tonnes at an average grade of 9.4 g/t gold), all at a 4.0 g/t cut-off . Indicated resource tonnes increased 27%, grade 17% and total ounces 48%, from the previous resource estimate completed in 2009.³
 - Pure Gold continued to have success with its exploration drilling at Madsen and substantially completed its 70,000 metre drill program that was announced on January 11, 2017, during the quarter. Significant drill results received in the quarter include⁴:
 - 34.6 g/t gold over 4.3 metres, including 67.0 g/t gold over 2.0 metres in hole PG17-456, the deepest drill result by Pure Gold to date at a vertical depth of 1,373 metres, approximately 240 metres below any previous mining on the South Austin deposit;
 - 12.7 g/t gold over 2.0 metres in hole PGU-0016 in the McVeigh deposit;
 - 14.4 g/t gold over 4.1 metres including 28.3 g/t gold over 2.0 metres in hole PGU-0020 in the McVeigh deposit;
 - 48.4 g/t gold over 6.0 metres in drill hole PGU-0012 in the McVeigh deposit;
 - 12.5 g/t gold over 8.2 metres in drill hole PGU-004 in the McVeigh deposit;
 - 32.5 g/t gold over 2.0 metres in drill hole PG17-454 in the Austin deposit.
 - Continued with underground infrastructure work at the McVeigh ramp. Constructed, installed and commissioned key surface and underground services including water and air lines, underground electrical lines, mine air heater and ventilation, and power lines connecting grid power to the portal;
 - Completed geotechnical review of underground;
 - Commenced re-conditioning of ramp;
 - Completed a System Impact Assessment with the provincial power provider to confirm future power availability for an operating mine; and
 - Continued exploration drilling from both surface and underground focused on resource growth.

mineral resource. See press release issued on September 14, 2017, and the technical report titled “NI 43-101 Technical Report Preliminary Economic Assessment of the Madsen Gold Project for Pure Gold Mining Inc. Red Lake Area, Ontario Canada, available on the Company’s website at www.puregoldmining.ca or the Company’s Sedar profile at www.Sedar.com, for further details of the PEA.

³ See press release dated August 2, 2017 the technical report titled “NI 43-101 Technical Report Preliminary Economic Assessment of the Madsen Gold Project for Pure Gold Mining Inc. Red Lake Area, Ontario Canada, available on the Company’s website at www.puregoldmining.ca or the Company’s Sedar profile at www.Sedar.com, for further details of the Mineral Resource estimate.

⁴ See press releases dated September 26, 2017 and September 5, 2017 for further details on exploration drill results during the quarter.

Outlook

Pure Gold is focused on advancing high quality assets that host the key traits of economic mines: grade, scope, size potential and access to infrastructure in mining-friendly jurisdictions. Our key asset is Madsen which comprises in excess of 4,700 hectares of primarily patented mineral claims in the prolific Red Lake gold camp of Northwestern Ontario, and hosts two significant former gold producers including the Madsen Mine which had previous gold production of 2.5 million ounces⁵.

Madsen hosts a recently expanded, current mineral resource, has access to infrastructure and has exceptional growth opportunities. The results of Pure Gold's recently completed PEA confirm that Madsen has the potential to provide robust returns.

The preliminary economic assessment outlines the potential for a long life high margin mine, with low initial capital requirements and a fast timeline to production. Pure Gold has also identified exploration targets and potential optimization opportunities that with success could further enhance the economics of the project.

Pure Gold plans to advance Madsen through permitting, engineering and development and expects to undertake a feasibility level study for Madsen in 2018.

Pure Gold has developed a 20 month budget at a cost of \$20.9 million that will see the Company initiate the following exploration and development activities at Madsen:

- complete a NI 43-101 resource on the Russet South and Fork satellite deposits by the end of calendar 2017;
- commence a 33,200 metre surface and underground drill program, to further expand the near surface satellite deposits and targets within the current PEA mine plan;
- submit in the first quarter of calendar 2018, the Project Definition with the Minister of Northern Development and Mines, which will initiate a 15-18 month permitting process. The project description will be used to provide government regulatory agencies with a thorough understanding of the scope and magnitude of Pure Gold's proposed project. These government agencies can use this information to help identify and scope the potential regulatory processes, provide advice on issues and flag any new information required during the permitting and approvals stage;
- develop underground access to initiate a bulk sample from planned stopes within the PEA mine plan;
- continue with ongoing environmental studies;
- negotiate and conclude benefit agreements with First Nation's;
- conduct metallurgical and geotechnical studies; and
- initiate a feasibility level study.

Madsen Gold Project, Red Lake, Ontario

In fiscal 2014 and 2015, the Company completed a series of transactions to acquire a 100% interest in what is now Madsen from Claude Resources Inc. and Sabina Gold & Silver Corp. for total cash and share consideration (including transaction costs) totalling \$15.0 million.

In fiscal 2016, the Company entered into an agreement with Premier Gold Mines Limited ("Premier") to sell certain non-core patented mining claims (the "Buffalo Claims") to Premier. The transaction partially closed in fiscal 2016 and the sale was completed in fiscal 2017, with Pure Gold receiving cash consideration of \$2.5 million, share consideration of \$2.5 million and a 1% net smelter return royalty on

⁵ Historic drill hole results and production figures and other details from the Madsen and Starratt-Olsen mines disclosed in this document were completed prior to the implementation of National Instrument 43-101. A full discussion and cautionary language can be found in the National Instrument 43-101 Technical Report entitled "NI 43-101 Technical Report on the Preliminary Economic Assessment for the Madsen Gold Project Red Lake Area, Ontario, Canada" with an effective date of September 14th, 2017, which can be found on Pure Gold's profile on SEDAR at www.sedar.com.

substantially all of the Buffalo Claims, in exchange for the transfer of all mineral rights and certain surface rights on the Buffalo Claims to Premier. The Company sold the Premier shares in May 2016, realizing net proceeds of \$3.4 million and a gain on sale of \$0.7 million.

In fiscal 2017, the Company acquired the Derlak property from Orefinders Resources Inc. in exchange for \$0.5 million in cash and 1,290,322 common shares of the Company with a fair value of \$0.7 million. The Derlak property consists of 11 patented mining claims and associated surface rights, filling in an important gap in the Company's Madsen property package.

There are no royalties payable on claims hosting known mineral resources at Madsen. Certain claims acquired in the Newman-Madsen and Derlak transactions are subject to royalties ranging from 0.5% - 3%, a portion of which may be bought back by the Company.

Madsen now comprises 258 mining claims (predominantly patented and including accompanying surface rights) covering an area in excess of 4,700 hectares in the prolific Red Lake gold camp of Northwestern Ontario. Madsen hosts two former gold producers including the Madsen Mine.

The Madsen Mine operated continuously from 1938 to 1974, and again from 1997 to 1999. Total recorded production is 7,872,679 metric tonnes at an average grade of 9.7 g/t Au producing 2,452,388 ounces of gold⁶.

The second former gold producer on the Madsen property is the historic Starratt-Olsen Mine. A 450 metre shaft was constructed in 1945 and mining operations were carried out from 1948 to 1956. A total of 823,544 metric tonnes were mined at an average recovered grade of 6.17 g/t Au to produce 163,990 ounces of gold². The Starratt-Olsen Mine does not have a current mineral resource. Only limited modern day exploration has been conducted near the mine workings. Compilation of historic data at Starratt is ongoing and initial drill testing was completed by Pure Gold in late 2016.

In addition to the historic production and the mineral resources (see "Mineral Resources" below for details of mineral resources at Madsen), management believes Madsen has significant exploration potential. Following the compilation of digitized historic geology, drilling and mining data, the Company developed a new model for Madsen's parallel Austin and McVeigh mineralized zones. While the Austin was the principal source of mine feed for the Madsen Mine for more than 30 years, the McVeigh was subjected to limited historic mining. Pure Gold believes that an opportunity exists to potentially expand gold mineralization within the McVeigh and within other areas adjacent the Madsen Mine.

A new interpretation of the role of folded ultramafic contacts and structural controls has resulted in multiple recent discoveries in the district, including Goldcorp's High Grade Zone at the Red Lake Mine Complex. At Madsen, the 20 km-long ultramafic contact is prospective for additional high-grade discoveries, and numerous recent discoveries along this contact have only been partially advanced. Pure Gold is pursuing a strategy of exploring for additional near surface high-grade mineralization to expand the scale of the Madsen Gold Project.

Mineral Resources

On August 2, 2017, Pure Gold announced an expanded mineral resource estimate for Madsen, replacing the previous resource completed in 2009. The new Madsen mineral resource estimate was prepared by Ginto Consulting Inc.⁷ The database used for the resource update has a cut-off date of April 11, 2017 and considers the results of 178,293 metres of new drilling from 435 holes completed since the previous resource estimate in 2009.

⁶ Historic drill hole results and production figures and other details from the Madsen and Starratt-Olsen mines disclosed in this document were completed prior to the implementation of National Instrument 43-101. A full discussion and cautionary language can be found in the National Instrument 43-101 Technical Report entitled "NI 43-101 Technical Report on the Preliminary Economic Assessment for the Madsen Gold Project Red Lake Area, Ontario, Canada" with an effective date of September 14th, 2017, which can be found on Pure Gold's profile on SEDAR at www.sedar.com.

⁷ See the Technical Report entitled "NI 43-101 Technical Report on the Preliminary Economic Assessment for the Madsen Gold Project Red Lake Area, Ontario, Canada" available at www.puregoldmining.ca or www.Sedar.com.

The updated mineral resource estimate for Madsen is reported in **Table 1** at a 4.0 g/t Au cut-off effective August 1, 2017.

Table 1 Mineral Resource Statement for Madsen Gold Project*

Resource Classification	Tonnes	Grade (Au g/t)	Contained Gold (oz.)
Indicated	5,785,000	8.9	1,648,000
Inferred	587,000	9.4	178,000

**Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The CIM definitions were followed for the classification of Indicated and Inferred Mineral Resources. The quantity and grade of reported Inferred Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Mineral Resources as an Indicated Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated Mineral Resource category. All figures have been rounded to reflect the relative precision of the estimates. Mineral Resources are reported at a cut-off grade of 4.0 g/t gold based on US\$1,200 per troy ounce gold and gold metallurgical recoveries of 92 percent.*

The geological model utilized for the current resource estimate varies significantly from that used in the 2009 estimate. Whereas the previous geologic model used broad grade based shapes to constrain estimates, the 2017 model is guided by the Company's new geologic understanding, with a total of 39 modelled shapes, ranging in width from one metre to 25 metres in thickness. The width and geometry of the current geologic shapes correlates and validates well with the mined shapes from the long history of mining at Madsen. Exploration by Pure Gold has targeted all zones at Madsen as part of a careful program of integrating the historic data with the new geologic and structural understanding.

The estimation methodology used is ordinary kriging on all the zones listed in **Table 2**.

Table 2. Detailed Madsen Deposit Resource by Zone (4.0 g/t Au Cut-off)

Zone	Indicated			Inferred		
	Tonnes	Grade (g/t Au)	Ounces (Au)	Tonnes	Grade (g/t Au)	Ounces (Au)
Austin	3,591,000	7.8	900,000	269,000	7.5	65,000
South Austin	1,265,000	8.9	362,000	100,000	7.0	23,000
A3	61,000	9.3	18,000	10,000	9.4	3,000
McVeigh	490,000	7.3	116,000	66,000	6.1	13,000
8 Zone	379,000	20.8	253,000	142,000	16.3	74,000
Total	5,785,000	8.9	1,648,000	587,000	9.4	178,000

The above mineral resource represents mineralization within the Madsen deposit only. The Company intends to further update the Madsen mineral resources in the fourth quarter of 2017 to include, for the first time, estimates for Madsen's satellite deposits, including Russet South and Fork Zone.

The Russet South target is located 1.5 kilometres west of Madsen's milling infrastructure and is a near-surface analogue to the Company's 8 Zone. To date, the Company has drilled 26,317 metres from 101 drill holes at Russet South, with visible gold intersected in 37% of the holes.

The Fork Zone is located near the south end of the McVeigh Deposit between the Madsen Mine and the past-producing Starratt Olsen Mine. The target is road-accessible and is also 1.5 kilometres from the Madsen Mill. The Fork Zone has been tested since discovery in 2003 with 57,735 metres of drilling from 141 drill holes. The Company recently announced an extension to the Fork Zone and the establishment of a 450 metre strike extent to the shallow plunging mineralization³.

Drilling and applied geoscience to date has provided a strong understanding of controls and continuity of mineralization at the Company's satellite deposits, and geologic modelling is progressing.

Preliminary Economic Assessment

On September 14, 2017, Pure Gold announced the results of a revised PEA for Madsen.

The PEA⁸, based on the above updated resource estimate, shows a robust 14-year underground mining operation with highly attractive economics at base case metal prices.

PEA Highlights

The PEA base case parameters assume a gold price of US\$1,275/oz and an exchange rate (C\$ to US\$) of 0.80. Highlights include:

- Pre-tax NPV5% and IRR of \$365 million and 54% respectively with a 2.7 year payback of initial capital;
- After-tax NPV5% and IRR of \$ 258 million and 47 % respectively with a 2.8 year payback of initial capital;
- Mine life is of 14 years with a 12 month pre-production period;
- Life of mine ("LOM") diluted head grade of 10.3 g/t gold;
- Average annual gold production in years 3 through 9 of approximately 75,500 ounces, with peak annual production of approximately 85,000 ounces;
- LOM direct operating cash cost(1) is estimated at US\$595 per ounce of gold recovered;
- LOM operating cash cost⁹ plus sustaining cost is estimated at US\$714 per ounce of gold recovered;
- Pre-production capital cost estimated at \$50.9 million which includes a 15% contingency;
- LOM sustaining capital costs estimated at \$134.7 million which includes a 5% contingency.

The PEA was prepared by Nordmin Engineering Ltd., Mining Services Division of Sudbury, Ontario ("Nordmin"). Nordmin reported on the scoping-level capital costs, operating costs, and project economics associated with the potential development of the Madsen mineral resource¹⁰.

The PEA is based on an underground mining operation utilizing the existing mining, milling, and tailings management infrastructure at Madsen which includes a portal and ramp decline, a 1,275 metre shaft, a 600 tonne per day mill (permitted to 1,089 tonne per day) and Carbon in Pulp "CIP" gold recovery circuit and tailings storage facility, all of which are currently on care and maintenance. The existing permitted infrastructure provides considerable development flexibility, allowing for shortened timelines and the opportunity to leverage on exploration success. The existing Madsen portal and ramp are approximately one kilometre from the existing mill, and currently provide ramp access to the top 150 metres of the mine workings. The PEA mine plan includes further development of the ramp to a depth of 1,430 metres to access the mineral resource.

⁸ The PEA is preliminary in nature and includes inferred mineral resources that are too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that PEA results will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

⁹ Cash cost includes mining cost, mine-level G&A, mill and refining cost.

¹⁰ See Technical Report titled "Preliminary Economic Assessment of the Madsen Gold Project for Pure Gold Mining Inc. Red Lake Area, Ontario, Canada" dated October 27, 2017 with an effective date of September 14, 2017, for further details of the PEA.

The PEA mine plan utilizes a combination of conventional cut & fill and shrinkage mining methods to extract the mineralized material. Mining shapes were created using Mineable Shape Optimizer as part of Datamine Studio 5D Planner, using variable cut-offs from 4.0 to 5.2 g/t, and these were evaluated for mining potential. A mining recovery of 95% and a dilution of 10% has been assumed for retained tonnes forming part of the potential mine plan. Total mineralized material mined over the course of the mine life is 2.99 million tonnes at an average diluted head grade of 10.3 g/t gold. Using an estimated mill recovery of 92%, recovered gold totals 911,497 ounces.

All ramp and level waste development would be performed by mining contractor using a combination of two boom electric hydraulic drill jumbos, 3.5 cubic-yard bucket LHD's, 20 tonne haul trucks, scissor lift/bolters and other rubber tired support equipment. Mining would be facilitated by a combination of diesel and battery-powered equipment, with diesel equipment being utilized for upper levels of the mine (above 16 level) and battery-powered equipment utilized for lower levels of the mine. The use of battery-powered equipment in the lower levels of the mine would eliminate emissions associated with the movement of ore and waste and would result in materially reduced ventilation requirements. The PEA envisions that a mine and mill management team would be employed by the Company and would manage the mining contractor.

Pre-production capital costs are estimated at \$50.9 million with the majority of the costs associated with mill upgrades as well as ramp and surface development. Additional capital cost requirements include surface installations, a new ventilation system and a dewatering system which would utilize the existing shaft. Pre-production capital is minimized by utilizing existing infrastructure, including a 600 tonne per day mill with carbon-in-pulp (CIP) circuit and tailings management facility. The existing Madsen portal and ramp would be further developed from its current access of 150 metres, down to a total depth of 1,430 metres. Access development would utilize widened and rehabilitated existing workings where possible.

Underground mining and haulage is anticipated to be completed by a contract miner using their own equipment, operating 365 days per year. Electrical grid power would provide the power to the project over the life of the mine. The site is currently serviced by 44 kV power.

LOM sustaining capital costs are estimated at \$134.7 million with the majority of the costs associated with ramp development, slashing existing workings, and new access development.

The PEA demonstrates that Madsen has the potential to be economically viable. The study also outlines several opportunities for project enhancement. Additional opportunities include:

- Consideration of mineral resources in satellite deposits Russet South and Fork, to be disclosed in an updated resource estimate targeted for Q4 2017, with an opportunity to improve mine flexibility and potentially increase mill throughput;
- Potential expansion of the Madsen Mine resource, through application of the Company's geologic model to target extensions to the known resource;
- Optimization of mine plan including investigation of potential for mechanized cut and fill and long hole mining, review of ramp sequencing to optimize capital requirements and optimize delivery of higher grade material;
- Review mill processing rates as well as potential increases to throughput rate under the existing Environmental Compliance Approval which allows for operation of a 1,089 tonnes per day mill and CIP circuit, resulting in an increase in annual gold production;
- Further metallurgical test work to optimize gold recovery which historically averaged closer to 94%; and
- Conversion of inferred resources to measured and indicated (no certainty they will be converted).

Exploration, underground development and engineering at Madsen during the six months ended September 30, 2017

On January 11, 2017, Pure Gold announced the commencement of a comprehensive exploration and underground development program. Exploration would be conducted by up to four-rigs for a total of 70,000 metres of diamond drilling, collared from both surface and underground. At the Madsen Portal and underground, the program was designed to re-establish services to the existing Portal and ramp including power, heating and ventilation, assess and secure ground conditions, complete detailed geologic mapping and sampling and establish underground drill bays to optimize delineation of near-surface mineralization.

As at September 30, 2017, the Company had completed a total of 66,745 metres of drilling including 59,963 metres from surface and 6,782 metres from underground targeting primarily the McVeigh, Austin, A3 and Russet South targets. Underground drilling from the Madsen ramp has been designed to de-risk potential near term production by targeting initial stope shapes and testing for extensions to the current resource in the upper portion of the McVeigh deposit.

The Company has made significant progress with the re-opening of the Madsen Portal and ramp. The Company constructed, installed and commissioned key surface and underground infrastructure including water and air lines, underground electrical lines, mine air heater and ventilation, and power lines connecting grid power to the portal. In addition, Pure Gold completed a geotechnical review of underground, commenced re-conditioning of the ramp, and completed a System Impact Assessment with the provincial power provider to confirm future power availability for an operating mine.

For the six months ended September 30, 2017, the Company has spent a total of \$13.4 million exploring and developing Madsen, bringing the total expenditures for the current program to \$20.9 million compared to a budget for the program of \$20.1 million. The variance was primarily due to the higher cost of deep surface drilling, higher underground drilling, and an additional historical core re-logging program, as well as higher than expected set up costs in relation to re-establishing services to the Portal.

Next Steps at Madsen

Over the coming months, the Company will be focused on:

- completing a detailed Project Development schedule which will provide a critical path to a production decision, including detailed engineering and permitting;
- resource definition drilling from the Madsen ramp, designed to test for extensions to the current mineral resource;
- exploration drilling from surface with the goal of identifying and extending new zones of gold mineralization close to existing mine infrastructure, including up-dip of the 8 zone and down dip of known mineralization at Russet South;
- Resource modelling of satellite deposits with a goal of releasing an updated mineral resource estimate for Madsen in Q417;
- continuing environmental baseline work to support the update of existing permits and the application of new permits and the filing of a Project Definition statement in the first quarter of calendar 2018; and
- undertake a feasibility level study in 2018.

The Company has devised a budget of \$20.9 million for this 20-month stage of the project. An additional \$4.9 million is budgeted for general and administrative expenditures over this same period.

Other Mineral Property Interests

During the six months ended September 30, 2017, the Company completed the acquisition of surface rights at its Van Horne project at a cost of \$0.1 million. The Company has no immediate plans to explore this project but may investigate opportunities to joint venture the asset.

Selected Financial Information

Management is responsible for the Interim Financial Statements referred to in this MD&A, and provides officers' disclosure certifications filed with the Canadian provincial securities commissions. The Audit Committee of the Company's Board of Directors (the "Board") has been delegated the responsibility to review and approve the Interim Financial Statements and MD&A.

The Interim Financial Statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, and should be read in conjunction with Pure Gold's audited consolidated financial statements for the year ended March 31, 2017 (the "Annual Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Our significant accounting policies are presented in Note 3 of the Annual Financial Statements. No material changes for the quarter ended September 30, 2017 were noted. We have elected to expense all exploration and evaluation expenditures relating to our mineral exploration property interests. Details of new accounting standards, effective for the reporting period beginning April 1, 2017, and their effect on the financial information are discussed within this MD&A in the section entitled "Changes in Accounting Policies and New Pronouncements".

The financial data presented below for the current and comparative periods was prepared in accordance with IFRS. Because Pure Gold raises its financing and incurs head office expenses in Canadian dollars, it has been determined to have a Canadian dollar functional currency.

The Company's operations are in one industry – the exploration for gold, and other precious and base metals. At September 30, 2017, Pure Gold has one geographic location being Canada. Information discussed herein reflects the Company as a consolidated entity, consistent with our determination that the one industry in which we operate provides the most meaningful information to a user.

Results of Operations

The following financial data are derived from our Interim Financial Statements for the three and six months ended September 30, 2017 and 2016, respectively:

	For the three months ended September 30, 2017	For the three months ended September 30, 2016	For the six months ended September 30, 2017	For the six months ended September 30, 2016
Total Revenue	-	-	-	-
Net Loss for the period attributable to shareholders	7,415,301	7,326,847	14,988,592	10,119,439
Total Comprehensive Loss for the period	7,415,301	7,326,847	14,988,592	10,570,213
Basic and Diluted Loss per Share	(0.04)	(0.05)	(0.08)	(0.07)

Three and six months ended September 30, 2017 vs. three and six months ended September 30, 2016

Net losses totaled \$7.4 million and \$15.0 million for the three and six months ended September 30, 2017 compared to \$7.3 million and \$10.1 million for the same periods in the prior year. The most significant contributors to the loss for the three and six month periods ended September 30, 2017 and 2016, were (i) exploration and evaluation expenditures, (ii) wages, consulting and directors fees (iii) investor relations and communication expenditures (iv) office and rent expenses and (v) non-cash share-based compensation expense. Explanations for material variances are described below:

Exploration and evaluation expenditures decreased to \$6.5 million for the three months ended September 30, 2017 compared to \$6.8 million for the same period in the prior year, and increased to \$13.4 million for the six months ended September 30, 2017 compared to \$9.8 million for the same period in the prior year.

The Company conducted a similar level of exploration activities at Madsen during the three months ended September 30, 2017 and the prior year period. The six months ended September 30, 2017 saw an expansion of exploration activities at Madsen compared to the prior year period. In the prior period, the Company concluded a winter drill program in April and reduced activity at site due to financial constraints until the completion of a flow-through share financing in June 2016, and the receipt of \$19.0 million from the exercise of share purchase warrants. The significant improvement in financial position allowed the Company to proceed with an aggressive exploration program at Madsen during the three months ended September 30, 2016.

Wages, consulting and director's fees increased to \$0.3 million and \$0.6 million for the three and six month periods ended September 30, 2017 compared to \$0.2 million and \$0.5 million for the same periods in fiscal 2017. The increase expenses are as a result of wage increases in the current year and the hiring of additional staff during fiscal 2018 compared to fiscal 2017.

Investor relations and communication expenditures increased to \$0.2 million for the three months ended September 30, 2017 from \$0.1 million in the same period in the prior year as a result of the timing of conferences and marketing efforts. Overall investor relations and communications expenses remained consistent between the six month periods ended September 30, 2017 and 2016 at \$0.3 million for each period.

Office and rent costs for the three and six month periods ended September 30, 2017 increased by 35% and 52%, respectively to \$0.1 million and \$0.3 million, over the same periods in the prior year, primarily as a result of the Company hiring additional staff over the prior year as development activities at Madsen increased.

Share-based compensation expense increased for the three and six months ended September 30, 2017 to \$0.2 million and \$0.4 million compared to \$25,477 and \$0.1 million for the same periods in the prior year, reflecting the higher fair market value of options issued in recent periods. In addition, the forfeiture of 868,335 unvested options during the six months ended September 30, 2016 resulted in a reversal of share-based compensation expense. There were no forfeitures of options for the same period in the current year. Share-based compensation expense relates to grants from current and previous periods in which stock options were granted to directors, employees, and consultants. During the six months ended September 30, 2017, the Company granted 0.3 million stock options with a weighted average exercise price of \$0.54 to an employee and a consultant. During the six months ended September 30, 2016, the Company granted 0.5 million stock options with an exercise price of \$0.63 to employees. Stock options granted to employees and consultants were subject to vesting restrictions over a three year period with the corresponding share-based compensation expense being recognized over this period.

Generally, share-based compensation expense should be expected to vary from period to period depending on several factors, including whether options are granted in a period and whether options have fully vested or are cancelled in a period. In determining the fair market value of share-based compensation granted to directors and employees, management makes significant assumptions and estimates. These estimates have an effect on the share-based compensation expense recognized and

the equity reserves balance on our statements of financial position. Management has made estimates of the life of the options, the expected volatility and the expected dividend yields that could materially affect the fair market value of this type of security. The estimates were chosen after reviewing the historical life of the options and analyzing share price history from that of a peer group to determine volatility.

For the six months ended September 30, 2016, the Company disposed of its investment in Premier Gold Mines Ltd (“Premier”), and reclassified the unrealized gain of \$0.7 million recorded in other comprehensive income to other income in the consolidated statement of loss.

Financial Position

The following financial data are derived from our Interim Financial Statements for the three and six months ended September 30, 2017 and our Annual Financial Statements as at March 31, 2017.

	As at September 30, 2017	As at March 31, 2017
Total assets	\$ 21.2 million	\$ 35.3 million
Current liabilities	\$ 5.7 million	\$ 5.1 million
Non-current liabilities	\$ 2.4 million	\$ 2.5 million
Cash dividends declared	\$ -	\$ -

Total assets decreased by \$14.1 million as at September 30, 2017 in comparison to March 31, 2017 due to cash operating expenditures totalling \$13.2 million, as well as property, plant and equipment additions of \$0.4 million, and a \$0.1 million decrease in exploration and evaluation asset acquisition costs due to a change in the estimate of the provision for closure and reclamation.

We have not yet completed feasibility studies to determine whether any of our exploration properties contain resources that are economically recoverable. All direct costs associated with the acquisition costs of the Company’s mineral property interests are capitalized as incurred. All exploration and evaluation expenditures incurred are expensed in the Company’s statement of loss and comprehensive loss. If a property proceeds to development, these costs become part of pre-production and development costs of the mine. If a property is abandoned or continued exploration is not deemed appropriate in the foreseeable future, the related acquisition costs are written-off.

Current liabilities increased to \$5.7 million at September 30, 2017 in comparison to \$5.1 million at March 31, 2017. Accounts payable and accrued liabilities increased by \$0.5 million during the six month period as a result of the timing of activities and accounts payable payments, as well as the recognition of an accrued liability of \$0.1 million related to the acquisition of the Van Horne claims.

Non-current liabilities decreased by \$0.1 million between September 30, 2017 and March 31, 2017 as the Company’s remaining finance lease obligation is now a current liability.

Shareholders’ Equity

During the three and six months ended September 30, 2017 the Company issued 75,000 common shares upon the exercise of stock options by a consultant.

Refer also to the discussion in this MD&A under the heading, “Outstanding Share Data”. The Company has not declared any dividends since incorporation.

Summary of Quarterly Results

The following information is presented in \$000s (except per share data) and derived from and should be read in conjunction with the Annual Financial Statements of Pure Gold and the interim condensed consolidated financial statements for each of the past eight quarters which have been prepared in

accordance with IFRS applicable to interim financial reporting including IAS 34. Consistent with the preparation and presentation in our Annual Financial Statements, these unaudited quarterly results are presented in Canadian dollars. The determination of functional currency for the Company and its subsidiary is unchanged from that which is consolidated in the Annual Financial Statements and also from the discussion within this MD&A under the heading, "Selected Annual Information".

	Sep 30 2017	June 30 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015
Total revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total expenses	\$7,428	\$7,606	\$8,450	\$6,935	\$7,324	\$3,592	\$2,376	\$804
Net loss For the period	\$7,415	\$7,573	\$7,505	\$6,908	\$7,327	\$2,793	\$1,447	\$801
Total comprehensive loss for the period	\$7,415	\$7,573	\$7,505	\$6,908	\$7,327	\$3,243	\$9875	\$811
Basic and diluted loss per share	\$0.04	\$0.04	\$0.04	\$0.04	\$0.05	\$0.02	\$0.01	\$0.01

The Company's net loss for the quarter ended September 30, 2017 decreased by 2% compared to the net loss for the quarter ended June 30, 2017, while total expenses decreased 2%. The decrease in expenses is primarily due to a reduction in exploration and evaluation expenditures of \$0.3 million. The reduction is a result of fewer metres drilled due to the near completion of the 70,000 metre Phase I exploration program, leading to a \$1.5 million decrease in drilling expenditures during the quarter. This decrease was partially offset by an increase in engineering expenditures of \$0.9 million in relation to work underground at the Madsen Portal, as well as an increase of \$0.3 million in expenditures on the historical core capture program.

The Company's net loss for the quarter ended June 30, 2017 increased 1% compared to the net loss for the quarter ended March 31, 2017, while total expenses decreased 10%. The decrease in expenses is primarily due to a reduction in metres drilled due to the focus during the current quarter of the 70,000 metre Phase I exploration program on testing deeper targets, resulting in a \$0.8 million decrease in exploration and evaluation expenditures from the previous quarter. The net loss for the quarter ended March 31, 2017 was reduced due to a \$0.9 million deferred income tax recovery from the reversal of the Flow Through Share premium liability recognized in relation to the June 2016 Flow Through Share financing as the expenditures were completed in calendar 2016 and renounced in January 2017.

The Company's net loss for the quarter ended March 31, 2017 increased 9% compared to the net loss for the quarter ended December 31, 2016, while total expenses increased 22%. The increase in expenses was primarily due to the commencement of the 70,000 metre Phase I exploration program in January 2017, while the Company's 2016 drilling program was completed in early December 2016, resulting in a \$2.0 million increase in exploration and evaluation expenditures from the previous quarter. This increase was partially offset by a decrease in share-based compensation expense of \$0.4 million due to the issuance of 1.8 million stock options with a fair value of \$0.31 per option in December 2016 to the Company's non-executive directors, which vested immediately. The net loss for the quarter ended March 31, 2017 was reduced due to a \$0.9 million deferred income tax recovery from the reversal of the Flow Through Share premium liability recognized in relation to the June 2016 Flow Through Share financing as the expenditures were completed in calendar 2016 and renounced in January 2017.

The Company's net loss for the quarter ended December 31, 2016 decreased 6% compared to the net loss for the quarter ended September 30, 2016, while total expenses decreased 5%. The decrease in expenses is primarily due to the completion of the Company's 2016 drilling program in early December, resulting in a \$1.2 million decrease in exploration and evaluation expenditures from the previous quarter, partially offset by an increase in share-based compensation expense of \$0.6 million due to the issuance of 1.8 million stock options with a fair value of \$0.31 per option in December 2016 to the Company's non-executive directors, which vested immediately.

The Company's net loss for the quarter ended September 30, 2016 increased 162% compared to the net loss for the quarter ended June 30, 2016, while total expenses increased 104%. The increase in expenses is primarily due to the continued significant expansion to the Company's exploration activities at Madsen, resulting in a \$3.8 million increase in exploration and evaluation expenditures over the previous quarter. The net loss for the quarter ended June 30, 2016 was reduced due to a \$0.7 million realized gain on disposal of the Company's available for sale investment in Premier.

The Company's net loss for the quarter ended June 30, 2016 increased 93% compared to the net loss for the quarter ended March 31, 2016 while total expenses increased 51%. The increase in expenses is primarily due to the significant expansion to the Company's exploration activities at Madsen, resulting in a \$1.1 million increase in exploration and evaluation expenditures over the previous quarter, as well a \$0.1 million increase in investor relations activity reflecting a renewal of marketing to potential investors. The net loss for the quarter ended June 30, 2016 also reflected a \$0.7 million realized gain on disposal of the Company's available for sale investment in Premier, while the quarter ended March 31, 2016 included a \$0.9 million income tax recovery.

The Company's net loss for the quarter ended March 31, 2016 increased 75% compared to the net loss for the quarter ended December 31, 2015 while total expenses increased 194%. The Company commenced a 16,000 metre winter drill program in January 2016 resulting in exploration expenses of \$1.9 million being recognized in the quarter. The net loss for the quarter ended March 31, 2016 also reflected a \$0.9 million income tax recovery due to the reversal of substantially all of the flow through premium liability at March 31, 2016 as the qualifying exploration expenses had been substantially incurred and renounced to flow-through share subscribers. Total comprehensive loss for the quarter ended March 31, 2016 reflected an unrealized gain of \$0.5 million on the Company's available for sale investment in Premier.

The Company's net loss and total comprehensive loss for the quarter ended December 31, 2015 decreased by \$0.4 million in comparison to the quarter ended September 30, 2015. The decrease is primarily due to a \$0.6 million decrease in exploration and evaluation expenditures, partially offset by a \$0.1 million increase in wages, consulting and director's fees during the three month period ended December 31, 2015 as a result of accruing previously deferred compensation that was paid out in January 2016. Upon closing the sale of mineral rights to Premier in December 2015, which significantly improved Pure Gold's financial position, the Board elected to pay all the voluntarily deferred compensation of the Chief Executive Officer, Chief Financial Officer and directors. The decreased loss was also offset by a \$0.1 million increase in share-based compensation expense, as the Company granted 3.5 million stock options in the quarter ended December 31, 2015, of which 1.7 million vested immediately while the remainder were subject to vesting restrictions. The Company recognized a large portion of share-based compensation expense during the quarter as a result of those stock options which vested immediately. There were no options issued in the quarter ended September 30, 2015.

Liquidity and Capital Resources

As at the date of this MD&A, the Company has approximately \$17.4 million in cash and short-term investments. The Company's working capital balance (defined as current assets less current liabilities) as at the date of this MD&A is approximately \$16.1 million (\$19.1 million excluding the flow-through premium liability of \$3.0 million). There are no known restrictions on the ability of our subsidiary to transfer or return funds to the Company.

We have no revenue-producing operations, and earn only minimal income through investment income on treasury, amounts arising through various property option agreements and occasionally as a result of the disposal of an exploration asset. The Company is therefore reliant on public equity and debt markets to obtain financing to continue its operations. With the Company's financing completed on November 1, 2017, it has sufficient cash to see the Company through its planned activities at Madsen through May 2018.

Our budget for exploration and engineering work at Madsen for the second half of fiscal 2018 is estimated to be \$11.2 million. An additional \$1.4 million is budgeted for general and administrative expenditures

over this same period which includes wages and consulting fees, professional fees and those costs associated with running the Company's head office in Vancouver. It is anticipated that the Company will need to raise additional funds to fully execute its planned next steps at Madsen.

We have not issued any dividends and management does not expect this will change in the near future.

Pure Gold manages and adjusts its capital structure based on available funds in order to support acquisition, exploration and development of mineral properties. The properties in which we currently have an interest in are in the exploration stage. Accordingly, we are dependent on external financing, including the proceeds of future equity issuances or debt financing, to fund our activities. Circumstances that could impair our ability to raise additional funds, or our ability to undertake transactions, are discussed in our AIF dated June 16, 2017 under the heading "Risk Factors". Although management has been successful in the past when raising additional financing, there can be no assurance they will be successful in the future.

Contractual Obligations

Mineral Properties

Pure Gold has no commitments for material capital expenditures as of September 30, 2017. All other active contracts are in the normal course for exploration work to be conducted at Madsen.

Management and Technical Services Agreement

The Company has entered into an Amended Technical and Administrative Services Agreement (the "**Oxygen Agreement**") with Oxygen Capital Corp. ("**Oxygen**"), a private company of which a director and an officer of the Company are shareholders. Pursuant to the Oxygen Agreement, and without limiting or abrogating the duties of Pure Gold's President and Chief Executive Officer or its Chief Financial Officer and Corporate Secretary, Oxygen provides the Company:

- access to, and the use of the assets contained in, office space leased by Oxygen; and
- services, staff and expertise as determined necessary to properly and efficiently manage the assets, operations, business and administrative affairs of Pure Gold.

The Company pays Oxygen for the cost of management and technical services, including the wage allocations of employees seconded by Oxygen to the Company (plus tax and applicable benefits) at cost; There is no mark-up or additional direct charge to the Company from Oxygen under the Oxygen Agreement.

The Oxygen Agreement is intended to provide the Company with a number of technical and administrative services and access, on an as-needed basis, to Oxygen's roster of geologists, mining engineers, investor relations and financial and business development professionals that would not necessarily otherwise be available to Pure Gold at this stage of the Company's development.

The Oxygen Agreement is for an initial term of two years, and shall be automatically renewed from time to time thereafter for an additional term of two years unless otherwise terminated. The Oxygen Agreement may be terminated by either party giving at least 180 days' prior written notice of such termination subject to Pure Gold being liable for its share of committed lease costs and contractual obligations entered into on its behalf by Oxygen, as well as an amount equal to the average general and administrative monthly costs incurred under the Agreement for the previous six month period, and any employee termination fees due under the Agreement as a result of the termination as such term is defined under the Agreement.

Flow Through Share Obligation

As at September 30, 2017, the Company is committed to incur, on a best efforts basis, \$1.1 million in qualifying resource expenditures pursuant to the February 22, 2017 Flow Through Share private

placement. As at September 30, 2017, the Company had incurred qualifying resource expenditures of \$12.1 million. The Company must therefore incur the \$1.1 million balance of qualifying resource expenditures related to this financing before January 1, 2019. If the Company does not spend these funds in compliance with the Government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfill its flow-through commitments within the given time constraints.

As a result of the Company's private placement that closed subsequent to quarter end on November 1, 2017, the Company is obligated to incur a further \$11.5 million in qualifying resource expenditures by January 1, 2019.

Leases

Madsen Vehicle Leases

The Company has two leases dated July 23, 2014 and July 31, 2014, respectively, for the use of two pickup trucks at the Madsen project. The two leases call for payments of \$800 and \$952 per month with the leases expiring on June 24, 2018 and June 30, 2018.

Madsen Equipment Leases

The Company has committed to a finance lease with a third party for a custom ventilation and heating system used underground at the Madsen Gold Project. The lease commenced on February 21, 2017 with a term of 18 months, at which time the Company has the option to purchase the equipment.

The future minimum lease payments required under these lease agreements at September 30, 2017 are as follows:

	GMC		GMC		Equipment
	Sierra 2500 HD		Sierra 2500 HD		Finance Lease
2017	\$	2,402	\$	2,856	\$ 8,136
2018	\$	4,803	\$	5,711	\$ 18,894
Total	\$	7,205	\$	8,567	\$ 27,120

Contingencies

On April 19, 2017, the Company's subsidiary, Laurentian Copper Corp., received draft assessments indicating a reduction in the tax credit relating to resources claimed following a tax audit of its fiscal 2013-2015 income tax returns by Revenu Quebec, in which certain deductions claimed by the Company were disallowed. The Company has responded to the draft assessment and Revenu Quebec is currently evaluating the response. At this time the Company is unable to determine what the outcome of this review will be. A total of \$0.3 million has been received by the Company in tax credits relating to resources claimed in fiscal 2013-2015. In the event that management's estimate of the future resolution of this matter changes, the Company will recognize the effect of the change in its consolidated financial statements of the period in which the change occurs.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as defined by NI 51-102 requirements as at September 30, 2017 or as at the date hereof.

Proposed Transactions

As is typical of the mineral exploration and development industry, we are continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value. We are also continually reviewing and discussing opportunities with third parties

regarding the sale of non-strategic properties in our portfolio. There is no guarantee that any contemplated transaction will be concluded.

At present, there is no proposed asset or business acquisitions or dispositions before the Board for consideration.

Related Party Transactions

Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

Oxygen Capital Corp

Oxygen is a private company partially owned by one director and one officer of the Company. Oxygen provides technical and administrative services to the Company at cost, including providing some staffing who are seconded to the Company, office facilities and other administrative functions. As at September 30, 2017, Oxygen holds a refundable deposit of \$0.3 million (March 31, 2017 - \$0.3 million), on behalf of the Company. During the six months ended September 30, 2017, a total of \$0.8 million (September 30, 2016 - \$0.6 million) was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company. As of September 30, 2017, the Company held a payable amount to Oxygen of \$0.1 million (March 31, 2017 - \$0.1 million). This amount was paid subsequent to September 30, 2017.

Compensation of key management personnel

Key management includes members of the Board, the President and Chief Executive Officer, the VP of Exploration, the VP of Operations, and the Chief Financial Officer and Corporate Secretary. The aggregate total compensation paid or payable to key management for employee services directly or via Oxygen is as follows:

Name	Nature of Compensation	Six Months ended September 30, 2017	Six Months ended September 30, 2016
President and Chief Executive Officer	Salary	\$154,917	\$141,333
Chief Financial Officer	Salary	\$105,000	\$88,333
Vice President of Exploration	Salary	\$105,000	\$94,167
Vice President of Exploration (former)	Salary	-	\$82,000
Vice President, Operations	Salary	\$110,074	-
Directors	Directorship	\$130,000	\$80,000
Total		\$604,991	\$485,833

Share-based compensation issued to key management personnel during the six months ended September 30, 2017 totaled \$0.3 million compared to \$35,564 for the same period in the prior year. Share-based compensation is the fair value of options granted and vested to key management personnel. These amounts have not been included in the table above and should be considered as additional compensation.

Changes in Accounting Policies and New Pronouncements

The Company has prepared its Interim Financial Statements using accounting policies consistent with those used in the Annual Financial Statements at March 31, 2017.

The Company prepares its consolidated financial statements in accordance with IFRS and interpretations of the IFRIC as issued by the IASB. There have been no changes to the effects of the adoption of new, amended and future IFRS pronouncements from those disclosed in the Company's Management's Discussion and Analysis for the year ended March 31, 2017, available on the Company's website at <http://puregoldmining.ca/investors/financial-reports> or under the Company's SEDAR profile at www.sedar.com.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. Factors that could affect these judgments, estimates and assumptions are discussed in our AIF, dated June 16, 2017, under the heading "Risk Factors". Subject to the impact of such risks, the carrying value of Pure Gold's financial assets and liabilities approximates their estimated fair value.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(i) Review of Asset Carrying Values and Impairment Assessment

In accordance with the Company's accounting policy, each asset is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at the higher of value in use and fair value less costs to sell. The most significant assets the Company assesses for impairment are exploration and evaluation assets and property, plant and equipment. Judgements involved in assessing impairment of exploration and evaluation assets are discussed below.

(ii) Exploration and Evaluation Assets and Expenditures

The application of the Company's accounting policy for exploration and evaluation assets and expenditures requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of its property interests will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies and there is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production.

For the six month period ended September 30, 2017, there were no indicators of impairment on the Company's exploration and evaluation assets, or the Company's other assets.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its estimates and assumptions on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Exploration and Evaluation Assets and Expenditures

In addition to applying judgment to determine whether future economic benefits are likely to arise from the Company's exploration and evaluation assets or whether activities have not reached a stage that permits reasonable assessment of the existence of reserves, the Company has to apply a number of estimates and assumptions. The publication of a resource per National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101") technical report, is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e. measured, indicated or inferred). The estimates directly impact when the Company defers exploration and evaluation assets. Any such estimates and assumptions may change as new information becomes available. If, after deferred acquisition costs are capitalized, information becomes available suggesting the recovery of such costs is unlikely, the relevant capitalized amount is written off in the consolidated statement of loss and comprehensive loss in the period when the information becomes available. Management believes that the estimates involving its exploration and evaluation assets and expenditures are reasonable.

(ii) Determination of the Fair Value of Share-based Payments

The fair value of stock options granted and warrants issued is computed to determine the relevant charge to equity reserves and the consolidated statement of loss and comprehensive loss and related obligation as applicable. In order to compute this fair value, the Company uses the Black-Scholes option pricing model; this inherently requires management to make various estimates and assumptions in relation to the expected life of the award, expected volatility, risk-free rate and forfeiture rates. Changes in any of these inputs could cause a significant change in the share-based compensation expense charged in the consolidated statement of loss and comprehensive loss and to equity reserves in a given period. Management believes that the estimates involving its share-based payments are reasonable.

(iii) Decommissioning, Restoration and Similar Liabilities

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at the present value of discounted cash flows for the estimated liabilities.

Carrying value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration and similar liabilities that may occur upon decommissioning of certain of the Company's assets. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Risks associated with financial instruments

We are exposed to a variety of financial instrument related risks. The Board provides oversight for our risk management processes. The type of risk exposure and the way in which such exposure is managed is explained as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash, restricted cash, short-term investments and amounts receivable. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

The Company deposits its cash, restricted cash and short-term investments with high credit quality major Canadian financial institutions as determined by ratings agencies. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses.

To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. The Company historically has not had difficulty collecting its amounts receivable.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. At September 30, 2017, the Company had cash of \$3.0 million (March 31, 2017 - \$16.5 million) and short-term investments of \$23,000 (March 31, 2017 - \$23,000) to settle current liabilities of \$5.7 million (\$2.7 million excluding the flow-through premium liability of \$3.0 million) (March 31, 2017 - \$5.1 million). As at September 30, 2017, the Company is committed to incur, on a best efforts basis, a further \$1.1 million in qualifying resource expenditures by January 1, 2019.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash and short-term investments include deposits which are at variable interest rates. For the six month period ended September 30, 2017, a plus or minus 0.5% change in market interest rates would affect the Company's interest earned on cash and short-term investments by approximately \$29,000.

Fair Value Estimation

The carrying value of the Company's financial assets and liabilities approximates their estimated fair value.

Management of Capital

Pure Gold considers the items included in the consolidated statement of shareholders' equity as capital. Management of the Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

Pure Gold's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

Outstanding Share Data

Pure Gold's authorized capital is unlimited common shares without par value. As at November 14, 2017 the following common shares and stock options were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares	223,219,384	N/A	N/A
Stock Options	100,000	\$0.20	February 25, 2018
	3,560,000	\$0.35	April 8, 2019
	150,000	\$0.32	May 13, 2019
	200,000	\$0.35	February 10, 2020
	650,000	\$0.28	March 19, 2020
	83,333	\$0.11	December 3, 2020
	2,760,000	\$0.11	December 11, 2020
	400,000	\$0.63	May 26, 2021
	300,000	\$0.72	October 11, 2021
	75,000	\$0.72	November 14, 2021
	4,670,000	\$0.44	December 21, 2021
	200,000	\$0.54	June 16, 2022
	100,000	\$0.54	July 24, 2022
Fully Diluted	236,467,717		

Industry and Economic Factors That May Affect Our Business

Economic and industry risk factors that may affect our business, in particular those that could affect our liquidity and capital resources, are described under the heading “Risk Factors” in our AIF dated June 16, 2017, available on Pure Gold’s SEDAR profile at www.sedar.com. In particular, there are currently significant uncertainties in capital markets impacting the availability of equity financing for the purposes of mineral exploration and development. There are also significant uncertainties relating to the global economy, increased volatility and a general decline in the prices of gold and other precious metals which impact our business and may impact our ability to remain a going concern.

More specifically, while the ongoing uncertainties in capital markets do not have a direct impact on the Company’s ability to carry out exploration, the Company may be impacted should it become more difficult to gain access to capital (e.g. debt or equity financing for the purposes of mineral exploration and development) when and if needed, and may need to modify or curtail its exploration and development programs. Difficulty in accessing capital on favourable terms may limit the Company’s ability to develop and/or further explore the mineral properties in which we have an interest

The specific risks noted in our AIF and others in particular relating to permitting for operations and first nations consultation and approvals, may limit the Company’s ability to develop and/or further explore its mineral property interests.

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning Pure Gold’s general and administrative expenses and exploration and evaluation expenses is provided in the Company’s Statements of Loss and Comprehensive Loss contained in its Interim Financial Statements for the six months ended September 30, 2017 and in its Annual Financial Statements for the years ended March 31, 2017 and 2016 which are all available on Pure Gold’s website at www.puregoldmining.ca or on its profile on SEDAR at www.sedar.com.

Legal Matters

Pure Gold is not currently, and has not at any time during our most recently completed financial year, been party to, nor has any of its property interests been the subject of, any material legal proceedings or regulatory actions.

Management's Responsibility for the Financial Statements

The preparation and presentation of the accompanying financial statements, MD&A and all financial information in the financial statements are the responsibility of management and have been approved by the Board of Directors following the report and recommendation of the Audit Committee. The financial statements have been prepared in accordance with IFRS. Financial statements by nature are not precise since they include amounts based upon estimates and judgments. When alternative treatments exist, management has chosen those it deems to be the most appropriate in the circumstances.

Controls and Procedures

In connection with NI 52-109, the CEO and CFO of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Interim Financial Statements and respective accompanying MD&A as at September 30, 2017 (together the "Interim Filings").

In contrast to the certificate under NI 52-109, the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

Venture Issuer companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentation and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a Venture Issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Scientific and Technical Disclosure

With the exception of Madsen, the Company's exploration projects and those in which we have an interest are early stage and do not contain any mineral resource estimates as defined by NI 43-101.

Unless otherwise indicated, Pure Gold has prepared the technical information in this MD&A ("Technical Information") based on information contained in the following technical reports:

- "Preliminary Economic Assessment of the Madsen Gold Project for Pure Gold Mining Inc. Red Lake Area, Ontario, Canada" dated October 27, 2017 with an effective date of September 14,

2017, filed under the Company's profile on SEDAR at www.sedar.com (the "Madsen Technical Report").

Technical Information was also based on information contained in news releases (collectively the "Disclosure Documents") available under Pure Gold's company profile on SEDAR at www.sedar.com. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

Our Disclosure Documents were prepared by or under the supervision of an independent Qualified Person ("QP"). Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Mineral resource estimates relating to Madsen are only estimates and no assurance can be given that any particular level of recovery of minerals will be realized or that an identified resource will ever qualify as a commercially mineable or viable deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined at Madsen may differ from the one indicated by drilling results and the difference may be material. Although there has been no economic analysis summarized in this MD&A relating to the Madsen Technical Report, readers are cautioned that the Madsen Technical Report is preliminary in nature and includes inferred and indicated mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that this will indeed occur. Further studies, including engineering and economics, are required (typically as a Pre-Feasibility Study) with regards to infrastructure and operational methodologies. Additional disclosure and cautionary notes relating to Madsen are summarized in our AIF, available on Pure Gold's SEDAR profile at www.sedar.com.

Philip Smerchanski, P.Geo, Pure Gold's Vice President, Exploration, is the Company's QP for the purposes of NI 43-101, and has reviewed and validated that the scientific or technical information contained in this MD&A related to the Madsen Technical Report, is consistent with that provided by the QPs responsible for preparing the Madsen Technical Report, and has verified the technical data disclosed in this document relating to those projects in which the Company holds an interest. Mr. Smerchanski has consented to the inclusion of the Technical Information in the form and context in which it appears in this MD&A.

Cautionary Notes Regarding Forward-Looking Statements

This MD&A, contains "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws, which include, but are not limited to, statements or information concerning, future financial or operating performance of Pure Gold and its business, operations, properties and the future price of gold, silver and other metal prices, the potential quantity and/or grade of minerals, the potential size of a mineralized zone or potential expansion of mineralization, proposed exploration and development of Pure Gold's exploration property interests, the timing and amount of estimated future production, costs of production and mine life of the various mineral projects of Pure Gold, the interpretation and actual results of historical production at certain of our exploration properties, as well as specific historic data associated with and drill results from those properties, and the reliance on technical information provided by our joint arrangement partners or other third parties; the timing and amount of estimated capital, operating and exploration expenditures, costs and timing of the development of new deposits and of future exploration, acquisition and development activities, estimated exploration budgets and timing of expenditures and community relations activities, requirements for additional capital; completion of expenditure obligations under an option agreement and earn-in agreements to which the Company is a party; government regulation of mining operations, environmental risks and reclamation expenses, title disputes, the ability to maintain exploration licences for its properties in accordance with the requirements of applicable mining laws in Canada; government regulation of exploration and mining operations; environmental risks, including satisfaction of requirements relating to the submissions and successful defence of EIA reports and other claims or existing, pending or threatened litigation or other

proceedings, limitations of insurance coverage, future issuances of Common Shares to satisfy earn-in obligations or the acquisition of exploration properties and the timing and possible outcome of regulatory and permitting matters and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements, and involve known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of Pure Gold to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking statements and information. Except for statements of historical fact, information contained herein or incorporated by reference herein constitutes forward-looking statements and forward-looking information. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “will”, “projects”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events, results or conditions “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Statements relating to mineral reserves and resources are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral reserves and resources described exist in the quantities predicted or estimated and may be profitably produced in the future. Estimated values of future net revenue do not represent fair market value. There is no certainty that it will be commercially viable to produce any portion of the resources.

Forward-looking statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including among other things, assumptions about future prices of gold, copper, silver, molybdenum and other metal prices, changes in the worldwide price of other commodities such as coal, fuel and electricity fluctuations in resource prices, currency exchange rates and interest rates, favourable operating conditions, political stability, obtaining governmental approvals and financing on time, obtaining renewals for existing licences and permits and obtaining required licences and permits, labour stability, stability in market conditions, availability of equipment, accuracy of any mineral resources and mineral reserves, successful resolution of the challenges to the EIAs described in this MD&A, if any, anticipated costs and expenditures and our ability to achieve our goals. While we consider these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements and forward-looking information. Many assumptions are based on factors and events that are not within the control of Pure Gold and there is no assurance they will prove to be correct.

Furthermore, such forward-looking statements and forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or forward-looking information. Such factors include, among others: general business, economic, competitive, political, regulatory and social uncertainties; disruptions or changes in the credit or securities markets and market fluctuations in prices for Pure Gold’s securities; judgement of management when exercising discretion in their use of proceeds from a financing; potential dilution of Common Share voting power or earnings per share as a result of the exercise of Options, future financings or future acquisitions financed by the issuance of equity; discrepancies between actual and estimated mineral reserves and resources; the Company is an exploration and development stage company with no history of pre-tax profit and no income from its operations and there can be no assurance that the Company’s operations will be profitable in the future; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; possible variations of mineral grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental risks and hazards, cave-ins, pitwall failures, flooding, rock bursts and other acts of God or natural disasters or unfavourable operating conditions and losses; political instability, hostilities, insurrection or acts of war or terrorism; the speculative nature of mineral exploration and development, including the risk of diminishing quantities or grades of mineralization; Pure

Gold's ability to renew existing licences and permits or obtain required licences and permits; changes in government legislation and regulation; fluctuations in commodity prices; requirements for future funding to satisfy contractual obligations and additional capital needs generally; changes or disruptions in market conditions; market price volatility; the Company currently has shareholders with greater than 10% holdings; uncertainties associated with minority interests and joint venture operations; risks associated with the Company's indemnified liabilities; increased infrastructure and/or operating costs; reclamation costs; the Company has limited operating history and no history of earnings; reliance on a finite number of properties; limits of insurance coverage and uninsurable risk; contests over title to properties; environmental risks and hazards; limitations on the use of community water sources; the need to obtain and maintain licences and permits and comply with laws and regulations or other regulatory requirements; competitive conditions in mineral exploration and mining business; the ability of the Company to retain its key management employees and shortages of skilled personnel and contractors; potential acquisitions and their integration with the Company's current business; influence of third party stakeholders; risks of litigation; the Company's system of internal controls; conflicts of interest; credit and/or liquidity risks; changes to the Company's dividend policy; the risks involved in the exploration, development and mining business generally; and the factors discussed in the section entitled "Risk Factors" in our AIF available on Pure Gold's SEDAR profile at www.sedar.com. Although we have attempted to identify important factors that could cause actual performance, achievements, actions, events, results or conditions to differ materially from those described in forward looking statements or forward-looking information, there may be other factors that cause performance, achievements, actions, events, results or conditions to differ from those anticipated, estimated or intended.

Forward-looking statements and forward-looking information contained herein are made as of the date of this MD&A and we disclaim any obligation to update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by applicable law. There can be no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information. All forward-looking statements and forward-looking information attributable to us is expressly qualified by these cautionary statements.

Pure Gold disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers should not place undue reliance on forward-looking information.

Approval

The Audit Committee of the Board of Directors of Pure Gold have approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional Information

Additional information relating to Pure Gold can be obtained on the SEDAR website at www.sedar.com or by contacting:

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PURE GOLD MINING INC.

/s/ "Darin Labrenz"
Darin Labrenz
President and Chief Executive Officer

PURE GOLD MINING INC.

/s/ "Sean Tetzlaff"
Sean Tetzlaff
Chief Financial Officer